



ARIZONA CORPORATION COMMISSION

May 29, 1998

Re: RE-00000C-94-0165

Dear Stakeholder in Retail Electric Competition:

This document is a revision of the draft position paper dated May 19, 1998, which was distributed to interested parties. Attached is Staff's Statement of Position on several of the significant issues related to retail electric competition. By this filing, Staff requests that the Commission consider these issues at an open meeting, scheduled for 10:00 a.m. on June 3, 1998, and provide guidance as to any subsequent action that may be necessary.

The attached positions were initially developed by a team of Commission staff members based upon review and consideration of the entire Retail Electric Competition record which has been developed over the last four years. Staff's proposal has also been influenced by input from various stakeholders. Staff has made every effort to meet with and solicit written comments from all interested stakeholders. Staff has held numerous meetings with groups of stakeholders and has received written comments from many of the interested parties.

Perhaps because of the open nature of this process, some parties have expressed concerns regarding the ex parte rule and its relationship to the development of Staff's proposal. Specifically, some parties apparently believe that Staff may have discussed stranded cost recovery issues with individual commissioners. Let me assure you that Staff has been sensitive to the requirements of the ex parte rule throughout this process. Staff has not discussed the stranded cost issues with any commissioner during the process of developing this proposal.

Staff does not view this current proposal as a final package. Staff has attempted to address the issues involved with implementing the transition to competition in order to give the Commission and the public a starting point for the development of subsequent rules. We believe it is appropriate for the Commissioners to now consider all of these issues together in a public forum.

Ray T. Williamson
Acting Director
Utilities Division